



Provider Communication

Subject: Prospective Payments and Recoupment Strategy Update	Priority: High
Date: November 10, 2004	Message ID: ACSBNR11102004_2

Dear Provider:

Notice to All COS 680 & 681 Providers

As noted in a previous banner message dated May 13, 2004, the Department implemented a two-phased approach to recoup outstanding prospective payment balances with a re-evaluation of that strategy to take place on July 1, 2004. This re-evaluation was completed and has resulted in the addition of Phase III.

PHASE I – Dates of Service prior to 4/16/04

The Department will continue to recoup payments made for dates of service prior to 4/16/04 at 100 percent, regardless of when that payment is made. Recoupment will continue in this fashion on all claims paid for services delivered prior to April 16, 2004 until such time as the provider/payees prospective payment balance has been paid off.

PHASE II – Dates of Service after 4/15/04

Phase II of the Recoupment Strategy for COS 680 and 681 will continue to run concurrently to the Phase I strategy until the end of the calendar year, 12/31/04. Recoupment for these claims will continue to be set at 20 percent and applied at the aggregate tax identification number/payee level until the prospective payment balance is paid off.

PHASE III – Dates of Service after 4/15/04

Phase III of the Recoupment Strategy for COS 680/681 will begin on 1/1/05 and will run concurrently with the Phase I strategy and replaces the Phase II strategy. For claims that are paid in the month of January 2005, the recoupment will be set at 30 percent. In February, this percentage will be increased to 40%, and in March, it will be increased to 50 percent. It will remain at 50 percent in April 2005 and months thereafter until all prospective payment balances are collected.

Please note that the DCH has reviewed the prospective payment balances and claims activity associated with each payee, and has determined that some prospective payments were made in anticipation of claims activity that has not materialized. In those cases, DCH may move prospective payment balances to other related payees to properly recoup prospective payments. The providers affected by this action will receive additional information from DCH.

As a reminder, DCH policy requires that providers file their claims in a timely manner. Currently, timeliness is defined as within 12 months from the original date of service. Denials for timeliness will need to be processed as an appeal following the appeal process outline in the DCH Policy Manual.

Thank you for your cooperation and continued support of the Medicaid and PeachCare for Kids Programs.